Income Tax - Pension Annuity

How does a married couple filing a joint return prorate their social security benefits to determine their pension-annuity subtraction?

For Colorado income tax purposes, pension recipients can exclude certain pension benefits that are taxable for federal income tax purposes on the Colorado 104 Form. Social Security benefits qualify for the Colorado pension subtraction. But when a husband and wife are both receiving Social Security benefits and they are filing joint income tax returns, Colorado law requires that they prorate that portion of the benefits included in their federal taxable income between them. Taxable benefits are prorated in the ratio of their separate benefits to their total benefits in order to determine their separate Colorado pension subtractions.

Use the following worksheet to prorate Social Security benefits included in your federal taxable income:

1) Husband's total Social Security benefits for the year\$
2) Wife's total Social Security benefits for the year\$
3) Total of lines 1 and 2\$
4) Husband's percentage (line 1 divided by line 3)\$
5) Wife's percentage (line 2 divided by line 3)\$
6) Taxable Social Security benefits included on federal Form 1040 or federal Form
1040A \$
7) Husband's share of taxable Social Security benefits (amount on line 6 multiplied by
percentage on line 4) \$
8) Wife's share of taxable Social Security benefits (amount on line 6 multiplied by
percentage on line 5) \$